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FM AMCONSUL HALIFAX
TO RUEHC/SECSTATE WASHDC PRIORITY 1324
RUEHOT/AMEMBASSY OTTAWA PRIORITY 0556
INFO RHMFIUU/DEPT OF ENERGY WASHINGTON DC
RUCNCAN/ALL CANADIAN POSTS COLLECTIVE
RUEHHA/AMCONSUL HALIFAX 1412

UNCLAS HALIFAX 000060

SIPDIS

STATE FOR WHA/CAN, EB/ESC/ISC
USDOE FOR IA (DEUTSCH)

E.O. 12958: N/A

TAGS: [EPET](#) [ENRG](#) [PGOV](#) [HEBRON](#) [CA](#)

SUBJECT: NEWFOUNDLAND-LABRADOR'S OFFSHORE HEBRON PROJECT GOING
FORWARD

REF: HALIFAX 0045

¶1. SUMMARY: Premier Danny Williams of Newfoundland-Labrador has signed a lucrative deal with a Chevron-led consortium of oil companies to develop the Hebron oil field. Daily production will be 150,000 to 170,000 barrels of oil with the majority available for export to the U.S. market. The first oil is expected to flow from the project sometime between 2016 and ¶2018. END SUMMARY.

¶2. The Government of Newfoundland-Labrador has successfully concluded an agreement to see the Hebron Oil field developed, making this the province's fourth offshore oil project (reftel). On August 20 Premier Danny Williams, accompanied by his Natural Resources Minister Kathy Dunderdale, signed the deal with Hebron project partners, Chevron Canada (the designed project operator), Exxon Mobil, Petro-Canada and Statoil-Hydro Canada. With estimated recoverable reserves in the range of 400 million to 700 million barrels, Hebron will have a daily production of 150,000 to 170,000 barrels of oil, the majority of which will be available for export to the U.S. marketplace. Revenues to the province will be approximately \$28 billion, adjusting for inflation, over the 20-25 year lifespan of the project. Construction of the Hebron gravity-based production platform and spin-offs will create an estimated 3,000 jobs. The first oil is expected to flow from the project sometime between 2016 and ¶2018. Full details of the agreement including the fiscal, benefits, and construction arrangements are available on the province's web site:
www.releases.gov.nl.ca/releases/2008/exec/082_0n04.htm

¶3. Comment: Accolades are already pouring in for Premier Williams, praising him for his dogged determination to get his province the best possible deal on development of its natural resources. The Premier's stance to hold out for a more lucrative deal on Hebron had put him at odds, not only with the oil patch, but often with local industry stakeholders who were anxious to see the Hebron project move along. Now all that is forgotten with one commentator saying there is nothing but smiles around St. John's. While it will take some time to analyze all the details of what the Premier calls a breakthrough agreement for his province, one thing that is immediately apparent is that Hebron will push the Premier's approval rating sky high. With 87 percent of the voters already approving of his leadership, any increase will guarantee the Premier a unique place in the province's history books. End Comment.

FOSTER